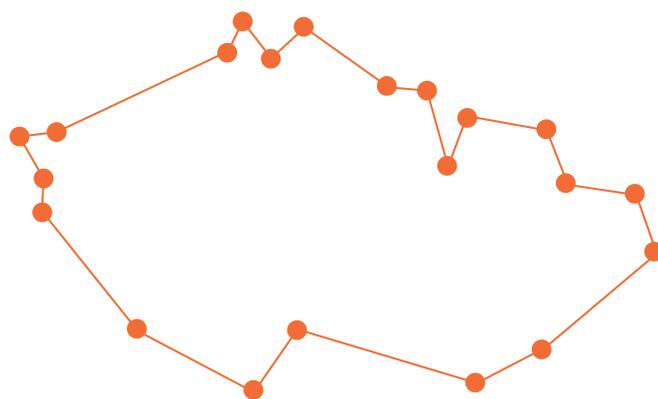




COUNTRY MONITOR



CZECHIA

Social Rights Monitor 2019



Czechia is currently enjoying near full-employment as a result of strong economic growth. However, there has also been a rise in in-work-poverty and a relative increase in taxation on labour compared to capital. The tightness of the labour market has led to higher wages and an increase of the minimum wage. However, wages still remain relatively low overall and women suffer a 22% gender pay gap. The education system is struggling to keep up with the skill-set needed for the current labour market and reinforces existing socio-economic disparities. In addition, Czechia is facing a severe housing crisis, with prices rising quickly and becoming the least affordable in Europe. This issue, and the effect it has on the income-debt ratio of households is neglected in the Country Specific Recommendations. Social services are structurally underfinanced and the pension system, although it has recently become more adequate, is not financially sustainable in the long term. Finally, there are concerns regarding the civic space in Czechia, which has up until now been classified as 'open'. Civil Society Organisations struggle with long-term advocacy strategies, as their funding is largely dependent of projects. Furthermore, the freedom of the press is under pressure, since increasingly more press outlets are concentrated in the hands of a few rich businessmen, including the Prime Minister.



Gini Index: 24.0

Unemployment: 2.2%

Gender equality index: 55.7

Youth unemployment: 6.7%

AROPE: 12.2%

Social welfare spending (as % of GDP): 12.0%

Tax on labour as share of total taxes: 50.6%

In work poverty: 3.4%

CIVICUS civic space monitor: Open

Equal opportunities and fair working conditions

The Czech economy is experiencing strong economic growth, which at an activity rate of 79.9% has resulted in near full-employment.¹ Unemployment is at an all-time low and with 2.2% is the lowest of the EU. In fact, a shortage on the labour market is looming.² As a result of the tight labour market, wages have increased significantly³ and over the past decade the minimum wage has been raised from €311 in 2010 to €519 today.⁴ Nevertheless, incomes in Czechia remain relatively low compared to those in other EU countries.⁵ Like in many other European countries, there has been a rise in in-work-poverty and taxation on labour relative to capital has increased.

Also youth unemployment has dropped below pre-crisis levels, and our National Strategy Group reports that, although at first work is often precarious, young people generally find it easy to find a job after they leave school. However, they also warn that because wages are low, many young people cannot afford to live on their own, hence the number of young people living with their parents is rising.

Gender equality

Labour participation of Czech women is well above the European average.⁶ Nevertheless, Czechia has the second largest gender pay gap of the EU: 22%.⁷ This can be partially explained by the long, but inflexible, parental leave provisions, which result in women having long career breaks.⁸ In addition, a lack of accessible good-quality child care facilities makes it difficult for women to return to work after having a child. In 2017, only 3.9% of children below the age of three were enrolled in formal child care, compared to a 17% EU average.⁹ More possibilities for part-time work might make it easier to find a work-life-balance, however this is currently disadvantageous as part-time workers do not have the same rights and entitlements. Women remain the main caregivers for children and older relatives and our National Strategy Group points out that reforms aimed at improving work-life balance are mainly geared towards women. The gender employment and pay gap also results in women being entitled to lower pensions later in life.¹⁰

Education

Compared to other countries, Czechia has relatively few early school leavers (6.2%), but this number has recently been increasing and exceeded the target of 5.5%.¹¹ In line with the Country Report, our National Strategy Group expresses doubt about the Czech educational system's ability to keep up with the demands of the current labour market. It is expected that a different skill set, with more focus on digital and robotics skills will be needed in the future. A step in the right direction is the website Infoabsolvent.cz, which provides career guidance and information on employment prospects, by compiling up-to-date data from both the labour market and the education sector.



Furthermore, there is a persistent problem of socio-economic segregation in schools, leading to very low levels of upward mobility through education. A student's socio-economic background has a very strong influence on their school performance and future employability.¹² 71% of students graduate with the same level of qualification as their parents and only 17% of students outperform their parents academically.¹³ Finally, the teaching profession - that offers low wages and low job prestige - is not very attractive in Czechia, leading to a shortage of well-qualified staff.¹⁴

Social protection and inclusion

Although Czechia shows an overall low level of inequality, with a Gini index that is amongst the lowest of Europe, regional inequalities play an increasingly important role. Especially in terms of income, opportunity and access to jobs and services, there are large disparities between regions.¹⁵ The National Strategy Group criticises the decrease in the number of people at risk of poverty and social exclusion, as these numbers do not take into account debt and real wages. Over the past decade, the income-debt-ratio for households has increased¹⁶ and the NSG points out that household debt puts a significant pressure on incomes. Furthermore, the gap between nominal and real wages has widened over the past two years.¹⁷

The NSG furthermore reports that social policy in Czechia is structurally underfinanced; government spending on social protection is well below the EU average.¹⁸ Over the past years, pensions have become more adequate, however, with the current demographic trends, this system is not financially sustainable on the long term.¹⁹ They also warn that health care is becoming less accessible, especially in rural areas. In the future, a lack of qualified staff could pose problems, as many health care workers

will retire over the next years²⁰, and a large share of skilled staff chooses to work in other EU countries where the working conditions are more favourable.

Housing

One of the most pressing issues in Czechia at the moment is the housing situation. Prices for housing have risen by 23% since the beginning of 2015; the fastest growth in the EU.²¹ Compared to household incomes, this has resulted in Czech housing being the least affordable in a study performed by Deloitte^A, especially in big cities such as Prague and Brno. A standard house in Czechia costs about 11.3 times the average gross annual salary; 59% more than the average of the countries included in the study.²² The numbers of newly built housing remain low. The National Strategy Group fears that a new Building Act, which intends to speed up construction, will lead to lower quality housing, especially outside the urban centres.

Good practice

Rapid Re-housing Brno

The Rapid Re-housing project in Brno is an initiative by a local CSO and the municipality of Brno to provide stable housing for homeless families that often live in shelters or hostels. It is a randomised trial to find out what the effects of a 'housing first' approach are. The project started in 2016 and offered a municipality-owned flat to 50 families without a permanent residence. After one year, 48 of the 50 of the families still lived in the flat that they were offered. They reported improved (mental) health for both parents and children and better behaviour of their children.²³

A Note that not all EU Member States were included in this study.



Civic space

The National Strategy Group reports that there is a lack of advocacy from the side of Civil Society Organisations, mainly because most of them do not have a stable source of financing. They often operate based on projects, which makes it difficult to develop a long-term strategy.

CSOs furthermore indicate that they feel unsupported by the social partners.

Good practice

Iniciativa Sester

Iniciativa Sester is an initiative by (mostly female) nurses of public hospitals to organise themselves in an informal way to demand better working conditions and higher wages. Although they are not an official trade union, they have managed to gain a significant amount of influence in some cities and have successfully negotiated with hospital management.

At 11.7%, Trade Union density in Czechia is low.²⁴ The NSG warns that in some of the most precarious sectors, e.g. hospitality, there is no representation at all and that some employers actively try to suppress the formation of a trade union by their employees. The freedom of press is under threat as a small number of rich businessmen have been buying up press outlets to reinforce their influence on public opinion. One of these is Prime Minister Andrej Babiš, who currently owns Czechia's two most important newspapers and a radio station. Reporters Without Borders declares that: "three Czech investigative journalists reported that police have tried to intimidate them in connection with their coverage of matters linked to Babiš."²⁵ President Miloš Zeman has in the past also expressed hostile sentiments towards journalists, appearing in a 2017 press conference with a fake Kalashnikov with the inscription 'for journalists'.²⁶

Comparison to Country Specific Recommendations

The Country Specific Recommendations address some of the most pressing issues that the Czech Republic is currently facing, including the tightness of the labour market, the lower economic activity of women and the adequacy of the education system. However, the recommendations also disregard some major issues. Although there is a strong focus on the gender employment gap, the gender pay gap is not addressed with the same consideration. In addition, the inequalities between regions, the relatively low wages and the exacerbating housing crisis are not mentioned.



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SOLIDAR is a European Network of membership based Civil Society organisations who gather several millions of citizens throughout Europe and worldwide. SOLIDAR voices the values of its member organisations to the EU and international institutions across the three main policy sectors: social affairs, lifelong learning and international cooperation.



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